

COMMENCEMENT ADDRESS
THE OHIO STATE UNIVERSITY
MARCH 22, 1985

EDWIN D. DODD

Members of the Board of Trustees, President Jennings, Parents, Family, Friends and Fellow Graduates. Congratulations to you all, but especially to the parents of our honored graduates who inspired, and in other important ways, helped them to reach this goal.

It is a great privilege to be able to talk with you this morning. Ohio State is a truly great University and to be counted among its graduates is a significant distinction. Many of its 19 colleges are among the most prestigious in the land and all of them, I'm sure, are striving for excellence. With an annual budget of 750 million dollars, 7,000 courses, a faculty of 4,000 and a student body of close to 60,000, this university is awesome. It reminds me of what Yogi Berra said when he was asked if he wanted to have dinner at one of New York's most popular restaurants. "Naw," he said, "Nobody goes there anymore. It's too crowded."

As a result of the tremendous facilities here, talented teachers and administrators, and the rapidly advancing level of technology, this class is probably the best educated in the history of the university. The bad news (or perhaps it's even better news) is that the next class will undoubtedly be better educated than you because there will be more new things to teach.

That doesn't speak very well for my own education since more than 170 classes have graduated from The Ohio State University since I left here over 44 years ago. When I say that, I am not speaking disparagingly of the education I received. Quite to the contrary: I think that it was then also excellent by comparison with other institutions of higher learning. And, I will be forever grateful to a great many of the faculty and administration who, in a very real way, shaped my career.

Among them were Lew Morrell, a Vice President of the University, who later went on to be President of the University of Wyoming at Laramie, and from there President of the University of Minnesota; L. W. St. John ("Mr. Saint") after whom this building is named, and who was Director of Athletics from 1913 to 1947. He gave me a job when I needed it. Others in the Athletic Department who were especially helpful included Paul Brown and the late Larry Snyder, the distinguished track and field coach. Among the teaching faculty, I recall with affection Herman Nolen, who later went on to become President and Chairman of McKesson & Robbins. And Harlan Hatcher, who later became President of the University of Michigan. The great geographer, Dr. Roderick Peatte; and Dr. Fred Heimberger, Chairman of the Department of Political Science, later Vice President for

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Academic Affairs of the University. Dr. Theodore Beckman was my statistics professor. He said, "Read de book and come to de class and you will pass de course." It wasn't that easy, but I learned a lot. And, I always admired the work of Ralph Fanning, a distinguished professor in the College of Fine Arts, who encouraged my interest in art. And who could forget Edward S. ("Beanie") Drake, the Director of Student Activities, after whom the Student Union Building is named?

There are many more too numerous to mention, but it was also here in 1937, in front of the old Kappa House on 15th Street, that I first met Marie Marshall, the beautiful lady who was to later become my wife. You, too, will have many happy recollections of your days here as long as you live, and you will, I'm confident, be increasingly thankful for the opportunity this University has given you.

But enough nostalgia!

I would like to talk for a few minutes about my impression of the world you are entering but, first, because I am the only remaining obstacle between you and your diplomas, I'll tell you a story which I hope will allay any fears you may have about the length of my remarks.

Several years ago a man making the commencement address to a graduating class in the chapel at Yale University decided to talk about just that - Yale. "Y" he said stood for "Youth" - the vitality of "Youth," and for half an hour he talked about "Youth." "A" he said stood for "Ability." The "ability" to reason - the "ability" to think logically, and he talked about "ability" for another 20 minutes. "L" he said stood for "love," the greatest of all emotions and he talked about "love" for another 20 minutes. And, finally, "E" he said, stood for "effort." The "effort" required to excel - the "effort" to get things done, and he talked about "effort" for another 15 minutes. He concluded his remarks and received "polite applause" as the new graduates stormed from the chapel. As he walked down the aisle he noticed that one new graduate had remained in his pew, on his knees, apparently praying. The commencement speaker was impressed! He stopped by the young man and said, "Excuse me, son, what was it that I said that touched you so deeply?" The new graduate slowly looked up and replied, "To tell you the truth, sir, I was just thanking God that I didn't go to the Massachusetts Institute of Technology."

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The world economy has changed tremendously in the last forty years. After World War II the United States came as close as any nation ever has to calling all the shots, economically and militarily. This country alone accounted for nearly 50 percent of the world's production. Following World War II we used our money, our technology, and our expertise to help rebuild the war-torn nations - friends and foes alike. We discouraged our former enemies from diverting their precious resources to rebuild their national defense. We also did that. Winston Churchill said that the price of greatness is responsibility. We met our responsibility as leader of the free world very well. Some would argue too well. By 1980 our 50 percent share of world output was down to 22 percent.

Throughout the late 1960s and 1970s, years of tremendous economic upheaval, our toughest competitors toughed it out. Their share of world trade increased - our share dropped from 16 percent to just 11 percent. Clearly this graduating class is faced with a world in transition; from a domestic economy based on relative self-sufficiency to a highly competitive interdependent global economy. Trade is no longer a luxury to be indulged in at our convenience. It is as critical for this country as it is for any other nation in the world. Economic interdependence is a fact of life. The transition from a domestic economy to a competitive global economy cannot be stopped by a domestic content law, a new quota, or even a 'Buy American' campaign, nor should we try to stop it because while these changes are sometimes disruptive and disconcerting, they also present golden economic opportunities for us.

President Reagan put it very well when he said, "All nations are in the same boat economically. If one trading partner shoots a hole in the boat, does it make sense for us to shoot another hole in the boat? There are those who say, yes, and call it getting tough. I call it getting wet all over."

(And in this connection I think it is interesting that the President on Wednesday named William Brock as Secretary of Labor. His appointment was generally well received by labor, and Bill Brock is basically a free trader.)

During the period 1960 to 1983, roughly the lifetime of most of you in this graduating class, productivity (that is the real gross domestic product per employed person) increased 1.2 percent in the United States. Even the United Kingdom averaged 3.2 percent. Germany, France and Korea all did progressively better, and Japan had a whopping 5.9 percent increase. You've probably heard those figures before. They may sound like doom and gloom. But they need not, and doom and gloom is not what I came here to talk about.

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America is still the strongest, freest, and most prosperous nation on earth. The new economic realities that we face now in the eighties won't change that fact unless we ignore them. Indeed, they present us the opportunity to grow even stronger for the benefit of every resident. So what do we do? A great many organizations and individuals have been considering that question, and I believe we are beginning to reach a consensus. I'll just mention a couple sets of recommendations of which I have some knowledge.

In June of 1983, President Reagan established the President's Commission on Industrial Competitiveness to recommend ways to increase long-term competitiveness in U.S. industries at home and abroad. The Commission of which I was a member included 29 other leaders from American business, labor, government and academia. It completed its work in December of last year and its report was released about a month ago.

The Commission recommends that we meet the competitive challenge in four broad complex areas. They are technology, capital resources, human resources, and international trade, and the report makes specific recommendations as to what needs to be done. I believe this represents a remarkable consensus among such a diverse group and that is encouraging. I attribute it to the fact that the recent recession has taught us some lessons. We are presently a little more inclined to work together to achieve our common goals than we are to attempt to enhance or protect our respective self interests.

In a similar way, early last year the U.S. Chamber of Commerce, the National Federation of Independent Business, the American Business Conference, the National Association of Wholesale-Distributors, and the Business Roundtable formed a coalition to produce a plan for reducing federal spending. They presented it to the President and his principal financial advisors on January 15 of this year. Again, this attempt was different from those of past coalitions. It got off to an early start, it was able to rationalize some very divergent points of view, and it presented a unanimous recommendation.

Yes, I believe the recent recession and our present problems may have been a blessing in disguise. Quite possibly General Motors would not have perceived such a revolutionary project as Saturn, nor would the Auto Workers have been willing to accept it, had not the competitive situation better focussed their attention on some of their basic problems.

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In any case, the domestic economic outlook is much brighter than it was when you entered college about four years ago. Inflation, which was 12 percent, has fallen to 4 percent for the past 12 months. The prime interest rate, which was at 21 percent in 1980, the highest level since the Civil War, is now at 10.5 percent, and I hope will continue to fall. The stock market has been hitting historic highs, approximating the 1300 mark, and venture capital is being invested at all-time record levels.

More than 1,200,000 new firms have incorporated in the past two years alone, demonstrating to the world that the American spirit of entrepreneurship is alive and well. In 1984 this sustained growth created over 3,200,000 new jobs. This is the largest one-year increase in employment in the history of the United States. Admittedly, all industries have not participated equally in this recent recovery, and there are those who say the so-called "smoke stack" industries are dead. I don't believe it. They're having to make some difficult adjustments, but can you imagine an adequate defense program without strong steel and aluminum industries?

Unemployment, always the last indicator to respond to a recovery, has fallen from 10.8 percent to 7.2 percent, and we can expect to see this continue to fall over the next couple of years. The increase in industrial production in the United States between December of 1983 and December of 1984 was greater than for any other major industrial country, except Japan. The index of leading indicators increased for 21 consecutive months between September of 1982 and July of 1984. For the past 7 months it has remained relatively flat. Following two years of above-average vigor, the U.S. economy appears to be settling into a sustainable period of strong, healthy growth.

Lower taxes, less regulation, a sound monetary policy are proving to be sound economic policy. There are, however, domestic challenges yet to be faced, and my optimistic outlook for our nation depends upon our successfully navigating between some treacherous shoals in the future.

Federal spending remains out of control. A former Democratic Senator from Georgia, Herman Talmage, observed several years ago that "virtually everything is under federal control nowadays except the federal budget." Unfortunately, despite the decontrol of several large industries, that is still at least half true. Fueled by automatic increases guaranteed by cost-of-living adjustments, the entitlement programs grew without restraint. Today fully one-third of the federal budget is indexed to inflation. Those COLA increases alone have cost the taxpayers more than five hundred billion dollars in the past 21 years, and unchecked are expected to cost another one trillion dollars in the next six years. It is too costly and it is unfair for federal employees to have their already-generous pension plans indexed to inflation when only 3 percent of the pension plans in the

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private sector have any COLA at all. The federal budget through the first three months is up 12 percent. In fact, the federal budget is growing at three times the rate of inflation and twice the rate of our gross national product.

The second challenge we face is the never-ending battle to control inflation. Yes, inflation is down significantly from the 1970s, but there is always the danger that inflation will rekindle if the Fed does not maintain slow and steady money growth.

The third challenge is that presented by some in Washington who would reduce projected deficits through increased taxes on the working men and women of America. Yes, the deficits are too high. Any deficit is too high, but increasing taxes will not close those deficits. We tried that in 1982 and the deficit only increased. Yes, we need tax reform, but not increased taxes. (Lower rates, retain indexing, simplification, reduce bias against savings and investment.)

The fourth and final challenge comes from those who are proponents of centralized economic planning - now referred to as "industrial policy." It would replace the economic decision of more than 200,000,000 consumers and more than 11,000,000 businesses in America with the dictates of a few economic experts who claim to know better than the market which industries are growing and which industries are dying. Proponents of "industrial policy" or centralized planning should look around the world and peek behind the Iron Curtain to see the results of giving such economic powers to a central government.

Well, certainly, you are embarking upon your careers at a most exciting time.

Over the past 20 or 25 years, increasingly over the last few years, I have been asked what do you personally have to do to be successful. I'm not sure I am qualified to answer that, but you might be interested in what I have said.

First, develop a keen sense of personal identification with the success or failure of any activity with which you are associated. Don't be a "my hands were tied" or "you can't beat City Hall" type.

Secondly, enjoy your work. Develop a genuine fondness for your job. Call it the work ethic, if you will, and it will take a lot of work because it's true, there is no such thing as a "free lunch." As Napoleon Hill wrote, "Cultivate the habit of going the extra mile."

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Third, cultivate a sense of urgency. A desire to get it done now. Don't procrastinate.

Fourth, be a constructive discontent. Don't be satisfied with the status quo. Find a better way and implement it.

And, finally, keep in mind those things your father and mother taught you - like fair play, integrity, good manners, the Golden Rule.

To these I might add for the benefit of this distinguished group: learn to operate a small computer; have a little luck; and take time to smell the roses along the way.

Yes, you graduate at an exciting and challenging time. Far from perfect - but as the historian, Oscar Handlin, said: "Toughness of the times is the flabby alibi of the underachiever. Our forefathers, who labored in the shops and in the field, did not wait for time to spring into joint before they went to work. There is not - never has been - any correlation whatever between ease or strain in the world and man's capacity for doing.

There is a remarkable consensus developing as to what we need to do. It involves great change. You will certainly participate in it. You may implement it, and you can be beneficiaries of it. You are living in a new global society and global competition. The world is your arena.

God bless you. Congratulations and good luck.

Thank you.